Saskatchewan Agriculture and Food

Farm & Food Report

Communications Branch, Walter Scott Building
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Saskatchewan

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Log Number: 07-06-26
Week of February 5, 2007

EXPORT FINANCING PARTNERSHIP CROSSES $10,000,000 MILESTONE

An exporting tool used extensively by the agricultural sector is celebrating a major milestone.

Export financing service "nextrade finance™" has surpassed the $10 million mark for successful deal financing, and made a huge impact on the provincial economy.

nextrade finance™ provides customized financing solutions for small and medium-sized exporters in Saskatchewan. More than 50 per cent of its clients are in the agricultural commodities or agri-value sectors. That number rises even higher when agricultural manufacturing enterprises are included.

"A lot of our clients are based in rural Saskatchewan, so they don't have a lot of exposure and trade finance options," said Glen Millard, nextrade finance™ Executive Director. "They have difficulty working with traditional funders."

nextrade finance™ gives small companies the ability to grow larger by providing flexible financing to cover the costs of doing business in markets outside Saskatchewan. The entity is an operating division of Saskatchewan Trade and Export Partnership (STEP).

"This is a big milestone for us, for the simple fact that, when we started the program two years ago, we had $1.2 million in the capital pool. The challenge then was proving that there was enough demand in the province to even utilize that first $1.2 million," said Millard.

"In our first year, we were able to revolve that capital pool three times over. Now, two years into the program, we have revolved it almost 10-fold," he added.

Millard says that the growing popularity of nextrade™ has exceeded his most optimistic expectations. "This past December was our biggest month. We supported over $800,000 in new export transactions in that month alone. Almost the entire capital pool was dispersed in one month. That was unheard of. To be honest, it's two full years ahead of what we projected when we created the program."

STEP President and CEO Dale Botting says the program has had a big impact on the province's economy.

(more)

"The return on that $10 million is pretty obvious. That means 10 million new dollars brought into the province," he stated.

However, Botting points out that when you start to consider how companies use that $10 million in terms of adding capacity, ramping up production and facilities, adding more employees and producing more products, the multiplier effect can be phenomenal.

"We estimate the actual return on investment is closer to $18.6 million," he said.

That benefit is more than a statistic. It is being felt in a very real way by the clients who use the nextrade finance™ service.

In a recent client survey, Gary Zaremba, President of Precision Industries, responded, "Without the money from nextrade™, I would not have been able to expand my business as rapidly, due to the fact that the financing provided me with the capital to invest in the additional inventory required to sustain such an expansion." David Grenier of Crown Valley Organics, another nextrade™ client, noted, "They provide the cash flow we require to satisfy our supply chain."

Millard says nextrade finance™ is, in some ways, a victim of its own success. He feels the initiative could have an even larger impact if it had access to a larger capital pool. To that end, Botting says the agency is actively pursuing opportunities to increase the size of its capital pool.

"We are focused on expansion of our original $1.2 million capital pool to meet the demand that is clearly out there. We are working very hard with Export Development Canada, financial institutions and other organizations, and we are very confident that nextrade finance™ will further grow to keep pace with the huge demand for Saskatchewan exporters," said Botting.

That's good news for the Saskatchewan agricultural sector, which has been getting plenty of good mileage from the service.

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CANADIAN PRAIRIE BISON EXPANDING PRODUCTS AND MARKETS

Saskatchewan-based Canadian Prairie Bison (CPB) marketing co-operative is stepping up efforts to develop new markets for bison producers with new products and a new value chain that leads to Europe.

The group, which began in 2001, is now one of the largest marketing organizations for bison and bison products in Canada.

While its meat processing is currently handled at a plant in B.C., CPB Marketing Manager Roger Provencher says the organization hopes to soon bring its slaughter business to this province. "We prefer to keep the jobs in Saskatchewan," he said.

Provencher noted that the current bison meat market for the group's members is heavily oriented to the United States, with approximately 95 per cent of its product going south and the balance being consumed in Canada. Some 2,600 animals were slaughtered in 2006, a number that is expected to increase by 1,000 this year. Provencher estimates the total herd in Western Canada at 250,000 bison.

"We try to give back to the producer as much of the price as we can," said Provencher. "We are building markets continuously."

In 2007, CPB is aggressively pursuing markets at home and abroad, looking for new retail distributors and launching new products. Agreement has been made to distribute bison meat in Germany, and Provencher says there are ongoing negotiations with three other European Union countries. In Canada, efforts are underway to develop new outlets in eastern provinces.

"Europe is willing to pay a premium for the healthier food," Provencher stated. "We still have some education to do in eastern Canada."

CPB is expecting to launch four new value-added products to add to their market offering within the next few months. CPB has worked closely with both the Saskatchewan Council for Community Development and Saskatchewan Trade and Export Partnership.

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According to Provencher, the largest producers in the bison sector are running herds of 400 to 500 cows. He says the most important factor for any producer considering bison is to investigate and establish their markets.

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PREPARE FOR 2007 AT SAF ANNUAL CROP PRODUCTION MEETINGS

Farmers are now starting to prepare for the 2007 growing season.

Saskatchewan Agriculture and Food (SAF) hopes to help producers achieve their full potential with another round of its annual Crop Production Meetings.

The theme for this year's sessions is "Pushing Production: Increasing Crop Yields and Intensities."

David Larsen, Soil and Nutrient Management Specialist with SAF, anticipates heavy interest from producers in pushing their yield potentials in 2007, and needing to determine how best to do that and when.

Speakers at the meetings include a representative from Agriculture and Agri-Food Canada, who will discuss how to apply a full package of inputs versus the results achieved with an empty package. The Canola Council of Canada will also be on hand to talk about pushing canola rotations.

"We're also going to get someone to speak about biofuels at each location, and particularly to discuss their impact on crops and producers," said Larsen.

Other topics to be addressed at the meetings include an overview of SAF services; disease, weeds, insects and soils; and how good soil moisture and high yields will affect these factors. The meetings include technical information largely targeted at agrologists and crop advisors, but they will also be of interest to producers and others in the agricultural industry.

"These are the only Crop Production Meetings for this year," said Larsen. "We targeted the northern areas because the topics and similar conditions will work well for all of them."

The sessions are scheduled for Tuesday, February 6 in North Battleford at the Western Development Museum; Wednesday, February 7 in Melfort at the Travelodge Inn; and Thursday, February 8 in Yorkton at the St. Mary's Ukrainian Catholic Centre. All meetings run from 9:30 a.m. to 3:00 p.m.

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Registration costs $40 per person, and can be arranged by calling the SAF Agriculture Knowledge Centre at 1-866-457-2377. Pre-registration is preferred.

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INTERNATIONAL GUEST TO SPEAK ABOUT MONITOR FARMS

A visitor from New Zealand will be offering Saskatchewan producers some food for thought on an innovative concept – monitor farms.

Aaron Meikle worked for six years as a regional manager for Meat and Wool New Zealand, carrying out extension, economic and production surveys, and research and development activities.

He was born and raised on a sheep, beef and deer farm, an operation which served as the first "monitor farm" in the region in 1991. Aaron has since been involved in facilitating monitor farms across the country, overseeing their selection and operation. "I'm fortunate to have experienced monitor farming from every angle," he stated.

Meikle will be visiting Canada to speak about the concept in Alberta, Saskatchewan and Ontario. In this province, seminars have been scheduled for the afternoons of February 10 at the Bella Vista Inn in Humboldt, and February 11 at Temple Gardens in Moose Jaw.

According to Tara Jaboeuf, Livestock Development Specialist with Saskatchewan Agriculture and Food (SAF), monitor farms serve as a sort of "pilot project" for producers within a region to test new ideas and determine how changes in various factors might influence the performance of their operations.

"Monitor farms are set up by a group of farmers. They're often raising the same species of animal, and their operations are usually around the same size," Jaboeuf said.

"One of the farms is selected as a monitor farm, and almost every facet of production is closely scrutinized and observed on it. Participants monitor all of the production, the financials, the inputs, the outputs, and so on, and they get a very good base for what the cost of production is and what it takes to run that farm."

Jaboeuf says that, over a three-year period, the group discusses major changes, decides which to implement, and "tests" them on the monitor farm to determine their impact on production and profitability.

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"That's why they call it a monitor farm, because it's the one monitoring all of the changes, the impacts on production and finances, and how the overall operation is affected, good or bad," she noted. "When the results are evaluated, the other producers know what to change in their operations and how to change it, or whether to make any adjustments at all."

While the concept is relatively new to Canada, it has been in practice in New Zealand for around 15 years. Since its inception there, some 125 individual monitor farmers have passed through the program, with an estimated 20,000 farmers cumulatively involved through community groups, newsletters or field days.

Meikle says that the program continues to attract excellent community participation and interest in his country. The projected benefit to farmers has been in excess of $150 million.

The monitor farm model has applications beyond just sheep farming; however, Colleen Sawyer, the Manager of Extension and Marketing with the Saskatchewan Sheep Development Board (SSDB), said her agency has been very interested in having Meikle speak in the province. The SSDB helped to arrange his Saskatchewan seminars so that producers here could have an opportunity to learn more about the monitor farm idea.

"Perhaps it's something that we could adapt here, perhaps not, but the whole concept sounds very intriguing," Sawyer said. "Maybe it's something that farmers might want to pursue in Saskatchewan or in Western Canada, if we can benefit from it as much as countries like New Zealand have."

Anyone wishing to attend the session in Humbolt or Moose Jaw can register at the door, but the SSDB would appreciate people pre-registering by calling (306) 933-5200 so that they have more accurate numbers for seating and coffee breaks.

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INDUSTRIAL USES FOR PLANT-BASED OILS TO BE EXPLORED

Researchers, commercial developers and producers will once again be gathering in Saskatoon in late February with a focus on the growth of non-food opportunities and global initiatives relating to oilseeds.

It all happens at the Ag-West Bio Inc. Plant Bio-Industrial Oils Workshop, taking place February 27 and 28 at the Delta Bessborough Hotel.

Ag-West Bio Inc. Vice President Ron Kehrig says Saskatchewan has always been an important part of oilseed-related research and development in Canada.

"With the development of biodiesel and other bio-based production opportunities, our strength in the area of oilseeds is something we can build on," says Kehrig. "We can begin by establishing linkages across the country and internationally."

According to Kehrig, this annual conference has developed a real following among experts and commercial interests developing oilseed opportunities. Once again, many of them will be in Saskatoon to present their work during sessions such as "Protein-Based Plastics and Materials: New Opportunities for Meal Utilization;" "Novel Bioplastics and Composites from Natural Oils;" and "Emerging Opportunities for Natural Oil-Based Chemicals."

Kehrig says that some of the discussions will centre around the move toward developing biofuels and new oilseed bio-refineries, as well as using different plant platforms such as *Camelina* and *B. carinata* to produce industrial oils for non-food applications.

The conference will also review the production of polyurethane foam for the car industry from plant-based oils, and the production of paints and other coatings from flax oil.

According to Kehrig, "To think globally and act locally, you have to know what is going on globally." As such, program speakers on new oilseed initiatives are expected from Sweden, the United States and Australia, as well as from Canadian companies and research groups.

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"This is a good opportunity for learning, networking and partnering," Kehrig said. "If you want to know what's going on, where things are headed, and how your operation or company will fit it in, this is the meeting to attend."

The Plant Bio-Industrial Oils Workshop generally appeals to a wide spectrum of researchers, seed industry interests, commercial operators and producers. Registration for the event costs $177 for Ag-West Bio members and $195 for non-members.

The full program and registration information is available at www.agwest.sk.ca, or by calling (306) 975-1939.

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